No. 9446

DENMARK
and
PERU

Agreement on a Danish Government Loan to Peru (with exchanges of notes). Signed at Lima on 20 June 1967

Authentic texts: English and Spanish.

Registered by Denmark on 3 March 1969.

DANEMARK
et
PÉROU

Accord relatif à un prêt du Gouvernement danois au Pérou (avec échanges de notes). Signé à Lima le 20 juin 1967

Textes authentiques: anglais et espagnol.

Enregistré par le Danemark le 3 mars 1969.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF DENMARK AND THE GOVERNMENT OF PERU ON A DANISH GOVERNMENT LOAN TO PERU

The Government of Denmark and the Government of Peru, desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to Peru's Development Plans, a Danish Government Loan will be extended to Peru in accordance with the following provisions:

Article I

THE LOAN

The Government of Denmark (hereinafter called the Lender) agrees to make available to the Government of Peru (hereinafter called the Borrower) a development loan in an amount of twenty-five (25) million Danish Kroner for the procurement of capital equipment and services as described in Article VI of this Agreement.

Article II

CREDIT ACCOUNT

Section 1. An account designated " Government of Peru Special Account " (hereinafter called " Special Account ") will be opened with Denmarks Nationalbank (acting as agent for the Lender) in favour of the Borrower or Banco de la Nación of Peru (acting as agent for the Borrower). The Lender will ensure that sufficient funds are always available in the Special Account to enable the Borrower to effect punctual payment for goods and services procured under the Loan, provided that the amounts successively made available to the Borrower shall not, in the aggregate, exceed the loan amount specified in Article I.

[1] Came into force on 14 January 1969, the date on which the Government of Peru notified the Government of Denmark that the Congress of Peru approved the Agreement, in accordance with article XIV (1).

Section 2. The Borrower or Banco de la Nación (acting as agent for the Borrower) shall be entitled, subject to the provisions of this Agreement, to withdraw from the Special Account amounts needed for the payment of equipment or services procured under the Loan Agreement.

Article III

RATE OF INTEREST

The Loan will be free of interest.

Article IV

REPAYMENT

Section 1. The Borrower shall repay to the Lender the principal of the loan withdrawn from the Special Account in twenty-nine semi-annual instalments of 850,000 Danish Kroner each, commencing on September 30, 1972, and ending on September 30, 1986, and one final instalment of 350,000 Danish Kroner on March 31, 1987.

Section 2. The Borrower shall have the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the credit specified by the Borrower.

Article V

PLACE OF PAYMENT

The principal of the Loan shall be paid by the Borrower in convertible Danish Kroner to Danmarks Nationalbank to the credit of the current account of the Ministry of Finance with Danmarks Nationalbank.

Article VI

USE OF THE LOAN BY PERU

Section 1. The Government of Peru will use the proceeds of the Loan to finance imports (including transport charges from Denmark to Peru) of Danish capital equipment, to be decided on by mutual consent, for the implementation of Peru's Development Plans. The total disbursement shall not exceed the amount of twenty-five (25) million Danish Kroner referred to in Article I.

Section 2. The proceeds of the Loan may also be used to pay for Danish services required for the implementation of Peru's Development Plans, including, in particular, pre-investment studies, preparation of projects, assembly of plant, consultant engineering, technical and administrative assistance for, e.g., the operation during the initial period of undertakings established by means of the Loan.

Section 3. The concurrence of the Lender as to the eligibility of a contract under the Loan shall not be interpreted in such a manner as to imply that the Lender takes upon him any responsibility for the proper implementation or subsequent operation of such contracts.

Section 4. The terms of payment stipulated in contracts or documentation to the effect that an order has been placed with a Danish exporter for supplies or services of the nature described above shall be considered as normal and proper whenever such contracts contain no clauses involving special credit facilities from Danish exporters.

Section 5. The proceeds of the Loan may be used only for payment of supplies or services contracted for after the entry into force of the Agreement.

Section 6. The Borrower may draw on the account with Danmarks Nationalbank referred to in Article II for up to three years after the entry into force of the Agreement or such other date as shall be agreed by the Lender and the Borrower.

Section 7. If the proceeds of the Loan have not been fully utilized within the time limit stipulated in Section 6 above, the semi-annual repayment shall be reduced by a proportion equal to the ratio between the unutilized amount of the Loan and principal of the Loan.

Article VII

NON-DISCRIMINATION

Section 1. In regard to the repayment of the Loan the Borrower undertakes to give the Lender no less favourable treatment than that accorded to other foreign creditors.

Section 2. All shipments of equipment covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

Article VIII

MISCELLANEOUS PROVISIONS

Section 1. Prior to the first drawing against the Account referred to in Article II the Borrower will satisfy the Lender that all constitutional requirements and other requirements laid down by statute in the Borrower's home country have been met so that this Loan Agreement will constitute a valid obligation binding on the Borrower in the terms of the Loan Agreement.

Section 2. The Borrower will furnish to the Lender evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents under this Agreement, and authenticated specimen signatures of all such persons.

Section 3. Any notice or request under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand or by mail, telegram, cable or radiogram to the party at such address as such party shall have indicated by notice to the party giving such notice or making such request.

Article IX

PARTICULAR COVENANTS

The principal of the Loan shall be paid without deduction for, and free from, any taxes and charges, and free from all restrictions imposed under the laws of the Borrower.

This Agreement shall be free from any present and future taxes that shall be imposed under the laws of the Borrower, or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Article X

CANCELLATION AND SUSPENSION

Section 1. The Borrower may, by notice to the Lender, cancel any amount of the Loan which the Borrower shall not have withdrawn.

If any of the following events shall have happened and be continuing, the Lender may, by notice to the Borrower, suspend in whole or in part the right of the Borrower to make withdrawals from the Special Account: